



THE CITY OF SAN DIEGO

DATE: April 9, 2010

TO: Honorable Members of the Audit Committee

FROM: Eduardo Luna, City Auditor

SUBJECT: **City Auditor's Quarterly Fraud Hotline Report – Qtr 3 Fiscal Year 2010
Supplemental Report Information**

The Office of the City Auditor is issuing this Supplemental Report to the City Auditor's Quarterly Fraud Hotline Report - Qtr 3 Fiscal Year 2010.

Issues reported to the Fraud Hotline that are not material in nature or are not related to fraud, waste, or abuse are forwarded to the respective department to address the issue(s) or concern(s) reported. The departments are advised that callers to the Hotline are provided a report number and a date to call back to check the status of their complaints. Additionally, this number allows for any additional information to be obtained as their allegations are investigated.

The department is required to report their plan to resolve the matter back to the City Auditor within ten days and then submit a follow-up report when the final resolution is determined. The City Auditor will follow up to ensure replies are received from the departments.

During the first three quarters of Fiscal Year 2010, departments provided to the City Auditor a total of 10 replies that identified complaints were substantiated or corrective actions were taken. In order to maintain compliance with California law regarding confidentiality requirements for whistleblower hotlines, and still provide the public with pertinent information, we have prepared Table 1 below with a general description of these complaints and the action taken by the departments.

**Complaints Referred to Departments that were Substantiated
and/or Corrective Actions Taken**

Table 1

No.	Call Category	General Description of Complaint	Outcome
1	Conflicts of Interest	Allegation regarding City employee using City facilities to conduct advertising for contract business	Corrective Action Taken. Employee admonished to discontinue using City facilities to promote contract business
2	Theft of Time	Allegation regarding City employees misusing Internet	Corrective Action Taken. Employees interviewed and admonished on proper use of the Internet
3	Policy Issues	Allegation of annual employee evaluations not being prepared in City department	Corrective Action Taken. Department identified list of overdue performance evaluations and conducted follow-up to ensure performance evaluations were up to date
4	Customer Relations	Allegation of not conducting timely building inspections	Corrective Action Taken. Department established revised procedures and communication enhancements
5	Customer Relations	Allegation of broken water meter not being repaired	Corrective Action Taken. Department repaired broken meter and apologized to customer
6	Sexual Harassment	Allegation of inappropriate touching	Complaint Substantiated. EEO investigation conducted
7	Theft of Goods/Services	Allegation of employee stealing gas from City facility	Corrective Action Taken. Department reviewed and updated gas pump access list and conducted refresher training of employees
8	Wage/Hour Issues	Allegation of disputed back pay by former employee	Corrective Action Taken. Department met with and reviewed back pay calculation with former employee
9	Wage/Hour Issues	Allegation of supervisor making unauthorized deductions from employees pay for fundraiser	Corrective Action Taken. Department provided employees with opt-out forms and refunds issued to employees who did not want to make contributions
10	Retaliation of Whistleblowers	Allegation by employee regarding activities in previous department	Corrective Action Taken. Department senior managers met with employee and reviewed issues with employee's prior position and reviewed processes for receiving employee's requests

Confidentiality Requirements for Hotline Complaints

Complaints to the whistleblower hotline and information regarding those complaints are protected from disclosure under the California Public Records Act and a new California law (AB 2001) that protects the confidentiality of information related to the whistleblower hotline.

AB 2001 provides, in relevant part, that:

Any investigative audit conducted pursuant to this subdivision shall be kept confidential, except to issue any report of an investigation that has been substantiated, or to release any findings resulting from a conducted investigation that is deemed necessary to serve the interests of the public. In any event, the identity of the individual or individuals involved shall be kept confidential.

Cal. Gov't Code § 53087.6(e)(2)

Under this law, the Auditor may only issue a report of an investigation that has been substantiated, or release findings resulting from a conducted investigation that is necessary to serve the public's interest. This law does not allow the City to release other documents.

Conclusion

The Office of the City Auditor has been utilizing resources to report on complaints that have been substantiated by our investigations, but in future reports we will also provide general information on the non-fraud related complaints that are referred to departments for investigation that are found to be substantiated or corrective actions are taken. Our Office is dedicated to investigating all of the reported claims of material fraud, waste and abuse.

Page 4

Honorable Members of the Audit Committee

April 9, 2010

I will be prepared to discuss this report at the next Audit Committee meeting.

A handwritten signature in cursive script that reads "Eduardo Luna".

Eduardo Luna
City Auditor

cc: Honorable Mayor Jerry Sanders
 Honorable City Council Members
 Jay M. Goldstone, Chief Operating Officer
 Mary Lewis, Chief Financial Officer
 Jan Goldsmith, City Attorney
 Andrea Tevlin, Independent Budget Analyst